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Sent: Thursday, September 20, 2007 9:30 AM

To: Climate Change

Subject: Comment - Updated Macroeconomic Analysis of Climate Strategies

My comment is in regard to the net cost calculation in the report that intends to capture benefits from reducing criteria pollutants in addition to greenhouse gas emissions. In Section 2.3 Climate Strategy Results (p20), the report reads:

"Based on analyses of the cost of reducing criteria pollutant emissions in the State, ARB proposes values for this net cost calculation of: \$12,500/ton for reactive organic gases (ROGs); \$20,900/ton for nitrogen oxides (NOx); and \$20,000/ton for particulate matter (PM10).

In Part IV, Appendix C, Section II-A of the Carl Moyer Program Guidelines (2005) it states that annual *weighted* emission reductions for ROG, NOx and PM10 should be calculated as:

NOx reductions (ton/yr) + ROG reductions (ton/yr) + [20*(PM10 reductions (tons/yr)]

The weighted valuation of PM10 used in the updated macroeconomic analysis should then be closer to \$400,000/ton. Even with a more conservative estimate of \$300,000/ton, there is an additional 12% increase in the net savings (i.e., decrease in net cost) with criteria air pollutant valuation. Exhibit 13 should be updated to reflect this increased savings.

And on a minor note, the values listed in Exhibit 12 under the column labeled "Avoided Electric Demand" are in Wh, not MWh. The values should be reduced by 1E6 or the unit should be changed in the column label.

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